

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-09 ISO-00 COME-00 TRSE-00 CIAE-00 INR-07

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R 071858Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: EMIN, IN

SUBJECT: MICA

REF: STATE 73170

1. MAJOR NEW YORK MICA IMPORTER (HAROLD TESTAN'S FIRM) INFORMED DEPT MAY 6 THAT EFFECTIVE APRIL 28 GOI REQUIRING ALL EXPORT ORDERS FOR MICA BE SPLIT INTO TWO PORTIONS, WITH FOREIGN BUYERS ABLE BUY ONLY 60 PERCENT FROM THEIR TRADITIONAL SUPPLIERS. REMAINING 40 PERCENT MUST BE PURCHASED DIRECTLY FROM GOI'S MICA TRADING CORP. LTD. (MTCL) UNDER SEPARATE LETTER OF CREDIT. US IMPORTER SAID HE HAD CANVASSED OTHER US MICA IMPORTERS, WHO WERE UNANIMOUS IN THEIR VIEWS THAT NO US MICA IMPORTER WOULD PURCHASE INDIAN MICA UNDER THESE CONDITIONS, SINCE, IN EFFECT, THEIR 40 PERCENT TO BE PURCHASED FROM MTCL WOULD BE QUOTE PIG IN A POKE UNQUOTE. HE CLAIMED US MICA USERS HAD COME TO EXPECT CERTAIN QUALITIES AND THAT BECAUSE OF THIS IMPORTERS HAD ESTABLISHED PERMANENT OR SEMI-PERMANENT ARRANGEMENTS WITH INDIAN MICA SUPPLIERS WHOSE SHIPMENTS

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INVARIABLY MET REQUIRED STANDARDS. NOW, IMPORTERS WERE

BEING REQUIRED TO BUY MICA WHOSE QUALITY THEY UNCERTAIN OF,
AND THEY ARE NOT WILLING TAKE THIS RISK.

2. IMPORTER STATED THAT BECAUSE OF FOREIGN OPPOSITION TO
RECENT GOI PROPOSAL TO CHANNEL EXPORTS OF ALL MICA OF
GRADE "5" AND BELOW THROUGH MTCL (REFTEL), GOI WAS
FORCED TO ABANDON THIS PROPOSAL. HE OPINED THAT LATEST
GOI REQUIREMENT WOULD ALSO FAIL BECAUSE OF NON-ACCEPTANCE
BY FOREIGN MICA BUYERS.

3. WHEN GOI UNDERSECRETARY FOR MICA K.L. MATHUR VISITED
WASHINGTON LAST SEPTEMBER (REF STATE 212484, SEPT. 28,
1974) HE INDICATED TO DEPTOFF THAT GOI WAS CONSIDERING
CHANNELLING CERTAIN PORTION OF EXPORT ORDERS THROUGH
MTCL IN ORDER TO ASSIST SMALLER INDIAN MICA PRODUCERS
TO MARKET THEIR OUTPUT. POSSIBLY LATEST GOI MEASURE
RELATED TO GOI DESIRE TO ASSIST SMALLER PRODUCERS, BUT IF
FOREIGN BUYERS ABSTAIN FROM BUYING INDIAN MICA BECAUSE OF
THIS LATEST MEASURE, APPEARS NO ONE WILL BENEFIT.

4. DEPARTMENT WOULD APPRECIATE CONFIRMATION OF LATEST
GOI REQUIREMENT, AS WELL AS ANY COMMENTS EMBASSY MIGHT
HAVE. KISSINGER

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